

### Source of Funds

All potential capital funding resources are evaluated to ensure equity of funding for the CIP. Equity is achieved if the beneficiaries of a project or service pay for it. For example, general tax revenues and/or General Obligation Bonds appropriately pay for projects that benefit the general public as a whole. User fees, development fees, and/or contributions pay for projects that benefit specific users. Other factors considered when funding the capital plan are whether the financing method provides funding when needed and the financial costs associated with the funding source. The following summarizes some of the funding sources for the CIP.

**Bond 2000** are General Obligation Bonds that were authorized by voters in calendar year 2000 and are secured by the full faith and credit of the issuer. General Obligation Bonds issued by local units of government are secured by a pledge of the issuer's property taxing power, and must be authorized by the electorate.

**General Obligation** (G.O. Bonds) are bonds secured by the full faith and credit of the issuer. G.O. Bonds issued by local units of government are secured by a pledge of the issuer's property taxing power (secondary portion). They are usually issued to pay for general capital improvements such as parks and roads.

**General Obligation Preserve** represent excise tax revenue bonds and G.O. Bonds. The bonds are special revenue obligations of the Scottsdale Preserve Authority payable either (1) solely from and secured by a 0.2% sales tax approved by City Voters in 1995 and issued for the purpose of acquiring land for the McDowell Sonoran Preserve; or (2) solely from and secured by a 0.15% sales tax approved by City Voters in 2004 and issued for the purpose of acquiring land and preserve-related construction, such as proposed trailheads for the McDowell Sonoran Preserve.

**Water & Sewer Rates** are utility bill revenues received from the sale of domestic water and the fees collected for the disposal of sanitary

sewer waste from customers within the City. Water & Sewer operating revenues in excess of operating expenditures are transferred to the CIP to fund water and sewer capital improvement projects.

**Municipal Property Corporation-Water** represents bonds issued by the Municipal Property Corporation (MPC), a non-profit corporation established to issue bonds to fund City capital improvements. The debt incurred by the corporation is a City obligation, but does not require voter approval. Pledged revenue streams, in this instance water rates, finance the repayment of MPC debt.

**Water & Sewer Development Fees** are revenues received from developers when new construction developments are made. These fees are based upon the increased costs of providing additional infrastructure and services in the development areas.

**General Fund transfers** represent the pay-as-you-go contribution from general revenues for capital projects without a dedicated funding source.

**Other Contributions** represent amounts paid by other organizations to pay for capital projects. Other contributions come from developers to pay for capital projects in development areas, the Maricopa County Flood Control District (FCD), and the Arizona Department of Transportation (ADOT), to name a few.

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**Highway User Revenue Fund (HURF)** represents the City's allocation of the Arizona Highway User Revenue Tax and other transportation related revenues. The amount available to each City is allocated based on

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population, which is determined by the latest federal census. These monies must be used for street construction, reconstruction, maintenance or transit.

**Transportation Privilege Tax** represents revenues received from the 1989 voter approved 0.2% sales tax on local retail and other sales.

**Grants** represent revenues received from federal or state sources. Most grants require a matching funding source with the percentage of the match dependent on grant requirements. The funding is restricted in use to the improvements requested and approved in the grant application.

**Regional Sales Tax (Proposition 400)** represents revenues received from the 2004 voter approved 20-year extension of a half-cent transportation sales tax in Maricopa County that was first approved in 1985 to fund freeway construction.

**Preservation Privilege Tax Fund** represents revenues received from the 1995 voter approved 0.2% sales tax on local retail and other sales and is dedicated to purpose of acquiring land for the McDowell Sonoran Preserve and revenues received from the 2004 voter approved 0.15% sales tax on local retail and other sales and is dedicated to purpose of acquiring land and construction of essential preserve related necessities such as proposed trailheads for the McDowell Sonoran Preserve.

**Interest Earnings** represents interest earnings on cash balances on hand in the General Fund Capital Improvement Funds. The amount of interest earned on funding sources other than bond proceeds is allocated to capital improvement projects that do not have a dedicated funding source.

**Extra-Capacity Development Fee** represents fees paid by developers to pay for the extra-capacity demands they put on current water and sewer infrastructure when developing raw land or renovating existing development and intensifying water and sewer needs.

**Aviation Fees** represent fee revenues received from users of the City's municipal airport and related facilities. Fees paid include transient landing fees; tie down fees, hangar fees, etc.

**Solid Waste Rates** represent utility bill revenues received for the collection and disposal of solid waste from residential and commercial customers.

**Internal Service Funds** represent revenues received for services provided to internal customers. The City has two internal service funds (Fleet and Self-Insurance Funds). Fleet rates represent revenues from the City's internal service Fleet Fund and per financial policy are restricted to use for improvements to facilities providing maintenance services to the City's rolling stock, the replacement of rolling stock, and the administration of the program. Self Insurance Funds represent revenues received from the City's internal service Self Insurance Fund and per financial policy are restricted to use for self-insurance expenditures and the administration of the program.

**Miscellaneous funding** represents revenues from several sources (groundwater treatment, reclaimed water distribution, and in-lieu fees) that are aggregated for reporting purposes.

**Special Programs Fund** represents revenues from dedicated funding sources and donations earmarked for specific purposes - i.e., Racketeering Influenced Corrupt Organization (RICO), Court Enhancement Fund (CEF).

**Prior year Carryovers** are committed funds from prior year purchase orders that are re-budgeted until they are expended and uncommitted funds re-budgeted until the projects are completed.

### Use of Funds

The Capital Improvement Plan (CIP) is comprised of seven major programs:

- Community Facilities
- Preservation
- Drainage and Flood Control
- Public Safety
- Service Facilities
- Transportation
- Water Management

Expenditures are presented on a budget basis rather than a cash flow basis. Governmental budgeting procedures require adequate budget to pay for the entire contract to be available and appropriated in the period in which a contract is entered into. However, actual cash flows (expenditures) under the contract generally take place over more than one year and match cash flow funding receipts.

The following summarizes the seven major programs that comprise the total Capital Improvement Plan.

**Community Facilities** programs address the City Council Broad Goal of enhancing and protecting a diverse, family-oriented community where neighborhoods are safe and well maintained by providing neighborhood recreations facilities, parks and libraries. These recreational needs are met by providing parks, park improvements, multiuse paths, neighborhood enhancements, youth sports lighting, sports complexes, aquatic centers, library facilities and senior centers.

**Preservation** addresses the City Council Broad Goal of preserving the character and environment of Scottsdale. This goal is met by land acquisition activities for the McDowell Sonoran Preserve for the purpose of maintaining scenic views, preserving native plants and wildlife, and providing public access to the McDowell Mountains and Sonoran Desert. The 1998 election expanded the recommended study boundary from the original 12,876 acres to 36,400 acres. The 2004

election provided an additional revenue stream (.15% sales tax increase) as well as the bonding capacity (\$500 million) that continues to provide authority to carry on preservation efforts.

**Drainage and Flood Control** addresses the City Council Broad Goals of protecting a diverse, family-oriented community where neighborhoods are safe and well maintained; and coordinating planning to balance infrastructure and resource needs within the budget. This program achieves these goals through flood plain mapping, meeting regulatory requirements, and identifying and correcting hazards to reduce future flood damage potential. This is accomplished through the use of detention basins, culvert and channel projects, and a program of neighborhood drainage improvements.

**Public Safety** programs address the City Council Broad Goal of enhancing and protecting a diverse, family-oriented community where neighborhoods are safe and well maintained. This goal is met by providing fire and police stations, training facilities, and automation systems related to fire and police operations. In FY 2005/06 the city began operating a municipal fire department after contracting fire services for several years. Fire protection includes such programs as public education, emergency medical services, and fire prevention. The Police Department recognizes the changing needs of our community and addresses those needs by maximizing community outreach and looking at creative alternatives in its crime prevention efforts.

**Service Facilities** programs address the City Council Broad Goal of coordinating land use and infrastructure planning within the context of financial demands and available resources. These programs achieve this goal through the renovation of current facilities and addressing technology needs necessary for the efficient and effective operations of the City.

**Transportation** programs address the City Council Broad Goal of providing for the safe, efficient, and affordable movement of people

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and goods. This program meets this goal by attempting to offer real transportation choices in a way that meets the needs of the community. In 1989 voters authorized a 0.2% privilege tax to fund transportation operations and improvements. In 2004 voters approved a 20-year extension of a half-cent transportation sales tax in Maricopa County that was first approved in 1985 to fund freeway construction. This program looks for the best use of these funding sources and addresses the multi-modal concept.

**Water Management** addresses the City Council Broad Goal of coordinating land use and infrastructure planning within the context of financial demands and available resources. This program achieves this goal by delivering safer, reliable water and providing wastewater services. This program also reflects the City's commitment to comply with federal and state regulations.

### Capital Improvement Plan Project Number Legend

<u>A</u> xxxx	Airport
<u>B</u> xxxx	Buildings/Municipal Facilities
<u>D</u> xxxx	Development/Redevelopment
<u>E</u> xxxx	Equipment
<u>F</u> xxxx	Flood Control/Drainage
<u>G</u> xxxx	Grants
<u>M</u> xxxx	Technology
<u>N</u> xxxx	Neighborhood Improvements
<u>P</u> xxxx	Parks
<u>S</u> xxxx	Street Improvements
<u>T</u> xxxx	Traffic Engineering
<u>V</u> xxxx	Sewer
<u>W</u> xxxx	Water

NEWxx, TPxxx, TEMPxxx - New projects proposed for FY 2006/07 or projects that were included in the outer years of previously adopted Five-Year Capital Improvement Plans. For administrative purposes, a temporary number is assigned until the project moves into current year appropriation status.

### Funding Sources

General Fund  
Aviation Funds  
Bond 2000–Q1–Parks - 2000 Voter Approved GO Bond Authorization  
Bond 2000–Q2–Flood Control – 2000 Voter Approved GO Bond Authorization  
Bond 2000–Q3–Scenic Corridor – 2000 Voter Approved GO Bond Authorization  
Bond 2000–Q5–PS Facilities - 2000 Voter Approved GO Bond Authorization  
Bond 2000–Q6–Helicopter - 2000 Voter Approved GO Bond Authorization  
Bond 2000–Q7–Transportation - 2000 Voter Approved GO Bond Authorization  
Bond Interest  
CDBG – Community Development Block Grants  
CEF – Court Enforcement Funds  
Contributions  
Crime Lab Assessment  
Expanded McDowell Sonoran Preserve (0.20)  
FCD Contribution – Flood Control District  
Federal RICO – Racketeer Influenced and Corrupt Organizations  
Fleet Rates  
Forensic Science IGAs – Intergovernmental Agreements  
GO Bonds – Voter Approved General Obligation Bond Authorization  
Grants  
Groundwater Trtmt  
Prop 400 Regional Sales Tax  
Heritage Fund  
HURF – Highway User Revenue Fund  
IGA – Intergovernmental Agreement  
In-Lieu Fees  
MPC Bond - Municipal Property Corporation Bond Issuance

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Preserve Sales Tax 2004 (0.15)  
RICO - Racketeer Influenced and Corrupt Organizations  
RWDS Fund – Reclaimed Water Distribution System  
Sanitation Rates  
Section 8  
Self Insurance  
Sewer Development Fees  
Sewer Rates  
Transportation 0.2% Sales Tax  
Water Development Fees  
Water Rates  
Water Resource Development Fees